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MEMORANDUM

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TO: Docket Control
FROM: Ernest Johnson
Director
Utilities Division

2007 NOV 30 A 9:16

AZ DOTS-05-041210-04
DOCKET CONTROL

DATE: November 30, 2007

RE: **COMPLIANCE FILING FOR DECISION NO. 68826 - STAFF RESPONSE TO THE "NOTICE OF FILING" FILING BY NORTHERN SUNRISE WATER COMPANY**

DOCKET NO. W-20453A-06-0247 (CC&N FOR NSWC)

DOCKET NO. W-20454A-06-0248 (CC&N FOR SSWC)

DOCKET NOS. W-20453A-06-0251 (TRANSFER OF MCLAIN SYSTEMS)

W-20453A-06-0251

W-20454A-06-0251

W-01646A-06-0251

W-01868A-06-0251

W-02235A-06-0251

W-02316A-06-0251

W-02230A-06-0251

W-01629A-06-0251

W-02240A-06-0251

Arizona Corporation Commission

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Introduction

On November 5, 2007, Northern Sunrise Water Company, Inc. ("NSWC") docketed a "Notice of Filing" for its proposed modification to the capital improvements per Exhibit B to Decision No. 68826. This November 5, 2007 filing responded to the two remaining water systems; Sierra Sunset and Coronado. The five other water systems; Mustang, Crystal, Cochise, Horseshoe, and Miracle Valley, were filed on September 26, 2007 with a Staff response filed on October 19, 2007.

Background

Pursuant to Decision No. 68826 (June 29, 2006), NSWC and Southern Sunrise Water Company, Inc. ("SSWC") or "Companies" docketed on July 24, 2007, a "Notice of Filing" of their proposed modification to the capital improvements attached as Exhibit B to Decision No. 68826. The Decision ordered "that NSWC and SSWC shall file any proposed amendment or modification to Exhibit B with Docket Control as soon as practical. If Staff has an objection to any proposed modification to Exhibit B, Staff shall file its objections in the docket within 10 business days."

On August 7, 2007, Staff filed its first response to the Companies' July 24, 2007 filing stating that it was Staff's opinion that the actual customer demand for each water system was still unknown and possible system interconnections may exist. Based on these unknown factors, Staff could not verify if the modified capital plant improvements were adequately sized. For this reason, Staff reserved the right to suggest revisions to the sizing and timing of certain projects until the Companies submit to the Commission actual demand data for each water system by completing Water Use Data Sheets and confirming if any of the water systems are actually interconnected with one another.

On October 19, 2007, Staff filed its response to the Companies' September 26, 2007 filing for the Crystal, Mustang, Cochise, Horseshoe, and Miracle Valley water systems which included the above requested data. After review of this data, it was Staff's opinion that the Companies' proposed modifications to the capital improvements for the five systems were reasonable.

Company's November 5, 2007 Filing

In its filing, NSWC provided the Water Use Data Sheets, system interconnection information, and a response to the water loss issue for the Sierra Sunset and Coronado water systems. Based on the above requested data, the Companies amended their modified capital plant improvements as follows:

1. Sierra Sunset System – Although the initial filing stated it is “possible” that the Sierra Sunset system is interconnected with the adjacent water system(s); NSWC recommends a new, adequately-sized interconnection between the Sierra Sunset and Coronado systems. These two systems would then operate together as a single system along with the proposed Babocomari Development. This proposed three-system interconnection would then eliminate the original ACC recommendation of the installation of a 30,000 gallon storage tank on the Sierra Sunset system. The revised Sierra Sunset system's storage requirement of 19,000 gallons would then be added to the proposed Babocomari storage capacity. The existing well capacity of 20 GPM when combined with Coronado and Babocomari is sufficient.
2. Coronado System – The interconnection information is the same as #1 above. The proposed three-system interconnection would then eliminate the original ACC recommendation of the installation of a 100,000 gallon storage tank on the Coronado system. The revised Coronado system's storage requirement of 72,000 gallons would then be added to the proposed Babocomari storage capacity. The existing well capacity of 110 GPM when combined with Sierra Sunset and Babocomari is sufficient.
3. Babocomari Site – The proposed Babocomari site will have a 600 GPM well, 345,000 gallons of storage and a 1,975 GPM booster station.

Staff's Response to the November 5, 2007 Filing

After reviewing NSWC's filing for the Sierra Sunset and Coronado water systems, along with the proposed Babocomari site, it is Staff's opinion that NSWC's proposed modifications to the capital improvements are reasonable.

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Originator: Marlin Scott, Jr.

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